

DCFS Weekly Update From the State Office

Friday, July 21, 2000

From My Perspective

By Ken Patterson

There has been lots of discussion, gossip and speculation about the causes of the DCFS budget challenges over the past year. I have given my explanation to several groups at several times over the past few months. The Legislature decided to complete it's own inquiry into the causes of our budget challenge. Legislative Fiscal Analyst Thor Nielson was assigned to conduct a study and provide a report to the Executive Appropriations Committee and The Legislative Child Welfare Oversight Panel. He presented his report last Friday, July 14, 2000. I have attached a copy to this weekly update for your personal review.

In general, I agree with the content and analysis of the report. I think it makes every attempt to be balanced and fair. Were I the one to list the causes I would probably reverse the order of things...focusing on the state and federal reductions first and management issues last. I also calculated the costs of the 20% increase in children in "D code" care at more like \$4.4 million, instead of the \$4 million Thor suggests. Overall, however, the report captures the important variables.

If you read the report, many of you will think that the caseload numbers are too low, especially if you are from the Kearns-Taylorville Team or from some spots in the Northern Region. However bear in mind that Thor was using March 2000 data. We didn't see the real spikes in caseload size until later on...like May and June 2000.

In summary, I thought you should have this information to be able to compare the explanations you have received from myself and other management people to what an auditor says.

Other News

There has been an open recruitment initiated for the Director of the Division of Youth Corrections. This vacancy was created by Gary Dalton's retirement. Jean Nielson from EDO is the Acting Director. Enjoy the 24th holiday.

Trend Tracking

By Linda Wininger

Hey! Here's a great new trend I'm beginning to track. In the last week I received two OCPO Investigation Summaries. Both investigations had **NO** recommendations for either the state office or the regional offices. One was a case from the Southwest Region, and the other was from the Cottonwood Region. WAY TO GO DCFS! Let's keep this trend going!

Summer Camp

By Joelle Horel

For the third consecutive year, 40 seven to eleven year old children in foster care are invited to participate in a free summer camp the week of August 21, 2000! This project, based on the nationwide model Royal Family Kids', is sponsored by our Utah Foster Family Association. Mountain View Christian Assembly in Sandy provides the counselors, staff, food, craft materials, and all the hard work! Reports from past years indicate that our kids have a GREAT time!

Royal Family Kids' Camps have been operating in other states for many years. Staff receive training and the camper-to-staff ratio is 2:1. Ratios of 1:1 are also available for some of the children. Besides camp counselors, at least 20 other staff are available including a nurse, social worker, cooks, the Camp Grandma and Grandpa, individuals to provide coverage during the counselor's breaks, etc. Transportation to the Tooele camp is provided from Mountain View Christian Assembly in Sandy. Activities include swimming, non-denominational Bible Stories, music, and a wide variety of non-competitive sports that emphasize wholesome exercise and the building of positive memories. Children bring home craft projects, gifts, and a memory book with pictures of themselves participating in various camp activities.

The week-long camp allows foster parents some much needed respite. Comments from children and workers have been positive:

"They had a ball!"

"She cried because she missed her counselor and friends."

"It was the best week of my life!"

"They want to go back next year."

Past years' successes include one little boy who, when fishing, was delighted that he learned to cast farther than his counselor; and one caseworker credits the positive camp experiences with helping a child adjust (upon return from camp) to a difficult move.

Royal Family Kids' Camp is a great example of community partnership! Much thanks to all workers, primary parents, foster parents, and the Foster Family Association for allowing the children to participate in what, for many, may be a once in a lifetime experience. Special gratitude is extended to Mountain View Christian Assembly for making children's dreams come true.

Salt Lake County foster families with children of camp-age have been contacted by mail; and information for workers and supervisors was released via e-mail this spring. If you have further questions on this year's camp, please contact Kit Hansen, Foster Family Association President at (801) 569-3459.

DCFS Board Topics for Discussion

By Steven Bradford

The DCFS Board has proposed the following schedule for policy review.

July 2000

Concurrent Planning Policy--Interim policy was issued on July 1, 2000. The policy and family impact statement, which considers the affect of policies on different types of families, will be presented to the DCFS Board for comments.

Adoption Subsidy Policy--Judge Garff is working on a proposed change to the policy and it probably will be presented to the DCFS Board at this meeting.

August 2000

Child Protective Services Policy--The draft of the CPS policy will be presented to the DCFS Board for review.

Kinship Policy--The draft policy changes will be reviewed by the Board at this meeting.

Foster Care Licensing Rules: DCFS Foster Care Policy and Rule--The draft policy to will be provided at this meeting.

September 2000

Health Care Policy--The draft policy will be provided at this meeting.

ICPC Processing Fee Policy--The new draft policy proposal about charging a fee to process ICPC paperwork will be presented.

October 2000

Out-of-Home Policy--Currently, the Out-of-Home Steering Committee is working on an update to policy and will provide a status report to the Board on this work.

November 2000

DCFS Fee Policy--A status report about the review of the DCFS fee policy will be presented.

REVIEW OF DCFS BUDGET SITUATION

AN UPDATE OF INFORMATION DISTRIBUTED TO THE EXECUTIVE APPROPRIATIONS COMMITTEE IN MAY, 2000

Thor Nilsen, Legislative Fiscal Analyst

Prepared for the Child Welfare Legislative Oversight Committee
July 14, 2000

I. Background: Recent Budget History of DCFS

In 1994, the Legislature approved the State Child Welfare Reform Act (HB 265) in response to a lawsuit brought against DCFS. In August of that year, the State signed the David C. lawsuit settlement agreement which governed activities of the Division for the next four years. By FY 1999, the Division's budget had grown by nearly 150 percent, from \$48.9 million in FY 1994 to \$121.0 million. State funds grew by 190 percent, from \$18.9 million to \$54.8 million. Staff grew from 576 FTEs to 1,068 FTEs, an 85 percent increase. The FY 2001 appropriated budget totals \$119.9 million (including \$62 million General Funds).

In August 1998, the David C. settlement agreement and related monitoring process were replaced by a court approved "Milestone Plan." The Court now requires the Division to periodically report progress in compliance with this plan through the Child Welfare Policy and Practice Group of Montgomery, Alabama. DCFS estimates this reporting requirement is costing approximately \$300,000 annually. The Division has an appeal filed with the Denver Circuit Court of Appeals to dismiss the Court's directive.

Since 1999, even though State funds have grown by 13 percent (from \$54.8 million to \$62.0 million), the overall DCFS budget has remained relatively flat. One reason for this is the completion of the basic State Automated Child Welfare Information System (SACWIS) in 1999. The federal government picked up about 65 percent of the \$16 million price tag. The FY 1997 through FY 1999 budget figures include SAFE one-time development costs.

A review of budget increases requested by the Division and those funded by the Legislature in the last two years, shows that the huge increases of the previous five years are over. For FY 2000, the Division requested increases totaling \$4.6 million (General Fund). The Legislature funded \$1.9 million in increased services.

For FY 2001, the Division requested \$1.2 million in building blocks plus \$500,000 in supplemental funding for FY 2000 for loss of federal funds. The Legislature, due to tight budget restrictions, only funded \$250,000 for the Foster Care Foundation. There were no replacement funds for lost federal funds. The attached table details budget considerations and appropriation increases for the last two legislative sessions.

II. The Problem

Last fall, DCFS staff became aware that projected expenditures showed the Division heading for a near \$8 million budget over-expenditures in FY 2000 if no corrective action was taken. The situation was discussed during the 2000 Legislative Session in the Health and Human Services Appropriations Subcommittee. The Department gave assurances that actions planned and already taken would make supplemental appropriations not necessary for FY 2000. By March 2000, the estimated shortfall (without corrective action) had been revised to nearly \$10 million.

III. Major Reasons for Projected Budget Shortfall

There were many reasons for the potential “red ink” identified. However there were three over-arching reasons: inadequate cost controls, unexpected case growth and some funding source reductions. More specifically:

- *Hiring staff beyond self-imposed budgetary limits:* The Division filled 33 full-time positions that were not funded (3% excess).
- *Excessive administrative growth:* For example, in the Salt Lake Valley Region there were 48 administrative personnel in 1995. This spring there were 127, an increase of 165 percent.
- *SAFE System cost overrun:* Development delays on the child welfare management information system resulted in a \$1.3 million cost overrun.
- *Unexpected growth in “high cost” placement/treatment of children in custody:* The number of foster children and children coming into custody with needs for high cost, intensive treatment, such as youth residential homes, grew from 486 in May, 1998, to 582 in December, 1999, a 20 percent increase. This growth, if unchecked, would have resulted in approximately \$4 million of expenditures above FY 2000 budget estimates.
- *Increase of children adopted from State custody:* The Division has been successful in increasing adoptions, from 283 adoptions in FY 1997 to approximately 400 in FY 2000 (a 40 percent increase in three years). Almost without exception, these adoptions are subsidized by the State. The total number of subsidized adoptions has grown from about 500 in FY 1995 to over 2,000 in FY 2000. These families receive a monthly subsidy averaging about \$300. Monthly subsidies are reviewed annually by the Division and are typically renewed for another twelve months. In addition, these adoptive families may be eligible for supplemental, special needs subsidies for residential treatment, out of home placements, day treatment, respite care, special therapy, specialized equipment, dental and medical care not covered by Medicaid, and other extraordinary, occasional needs. Current numbers indicate expenditures for adoption assistance for FY 2000 total about \$8.9 million. This is about \$1.3 million above the budgeted amount.
- *Mental health treatment authorized outside the Medicaid Capitated Mental Health System:* DCFS has been authorizing some adoptive parents to seek mental health treatment with private, non-Medicaid providers. Parents claimed effective treatment was not available within the system. Instead of the State paying only 29 percent of treatment costs, in these cases the State paid the entire cost.
- *Reductions in federal funding:* Congress has reduced The Social Services Block Grant (SSBG) over the past few years. In 1996, the Division’s share of the State’s grant was \$13.2 million. In the current year (FY 2000), the amount is estimated at \$8.6 million (35 percent reduction). The State has not replaced these federal funds with State funds. The federal medical assistance payment (FMAP) reimbursement rate has been steadily declining as the Utah per capita income has increased. The Legislature has made up some of this loss. In 1998, it replaced the loss with State funds (\$127,400 in DCFS). In 1999, it made up the loss with a transfer of TANF funds to the SSBG (\$129,300 to DCFS).
- *Budget reduction imposed by the State Legislature:* In 1999, the Legislature reduced DCFS’ base budget by \$576,000 (General Fund) to fund services for people with disabilities on the waiting list (FY 2000).

IV. Steps Taken by the Division and Department to Rein in the FY 2000 Budget

The Division’s budget is appropriated in a single line item in the Appropriations Act. There are eleven “program” budgets identified in that line item of appropriation, including programs for “Adoption Assistance” and “Out of Home Care.” DCFS may move appropriated funds from one program to

another, within its line item, with approval of the Governor. The Department may not move funds between line items (other divisions in the Department), including funds that might lapse at year-end. There is some flexibility in how the Department allocates the federal Social Services Block Grant. These funds may be reallocated as the situation warrants. The Department and DCFS have taken the following steps to deal with its budget woes:

- ✓ *Hiring freeze effective November 1999:* Since November 1999, the Division has reduced the number of positions by 110 FTEs (from 1,103 to 993). Payroll has been reduced by approximately \$203,500 every two weeks, from \$1,864,000 to \$1,660,500.
- ✓ *Reduced number of out-of-home high cost placements:* DCFS has reviewed all “high cost” placements of youth in custody and has worked with juvenile judges to reduce court ordered placements into such high cost treatment. It has reduced the number from 584 to 426. The average daily rate has also been reduced by \$17 (from \$120 to \$103) as the level of care has been “stepped down” in many cases. This has resulted in current savings of about \$26,000 per day. It should be noted that the Division is still allowing children to move into high cost care and treatment facilities. From December 1999 to March 2000, the Division moved 31 children into an initial high cost care facility and eight youth were “stepped up” into a higher level of care.
- ✓ *Reviewed adoption subsidy payments:* DCFS has reviewed all special needs subsidies. As a result, over 400 clients had their special needs subsidies eliminated and, in 14 cases, reduced. It also directed clients to use Medicaid providers for special needs therapy, as this reduces the State’s cost from 100% to 29%. After the Governor’s public meeting at DCFS in June, DCFS reviewed all cases impacted by the cost-cutting move. The Division, so far has restored funding to 95 families. In most cases, where payments were eliminated, the child is eligible for treatment through Medicaid providers. The Division has shifted 325 children to such providers. However, in some cases, DCFS has authorized continued use of non-Medicaid providers.
- ✓ *Renegotiated the Targeted Case Management (TCM) rate and process with the federal government.* While the exact fiscal impact is yet to be determined, this should result in additional revenues to the Division.
- ✓ *Additional development of the SAFE Management Information System stopped:* Private contractors have been released and payroll has been reduced. Savings are estimated at \$620,000 for FY 2000. In addition, all further planned computer purchases for the year were cancelled, saving an estimated \$761,000.
- ✓ *Reduced contracts with certain service providers:* The Division has reduced its contractual agreements with Salt Lake County for services provided by the Christmas Box House, with crisis nurseries statewide, and some other providers. The Christmas Box contract was cut in half for FY 2000, from \$200,000 to \$100,000 (largely due to a delayed scheduled opening).
- ✓ *Redirected regional budgets:* The Division has reallocated funds from regions with projected surpluses to those estimating budget shortfalls.
- ✓ *Installed department level fiscal management team:* The Department has created a fiscal management team of top-level management to monitor implementation and results of the budget balancing steps taken in DCFS. It has also instituted a regional fiscal certification program where each region must demonstrate ability to manage its fiscal resources. It has established four levels of fiscal certification, from bronze to platinum levels. As each level is achieved, there is less Departmental management and scrutiny of regional fiscal operations.
- ✓ *Reduced outside case management contracts:* Division efforts to outsource case management with private providers in the Salt Lake Tri-region area has resulted in unexpected cost increases. DCFS had been contracting for management of 118 in-home service cases and 215 foster care cases. By eliminating these contracts, DCFS estimates it has saved \$441,000 in FY 2000 and will save \$743,000 in FY 2001.
- ✓ *Redistribute Social Services Block Grant:* Typically, at year-end, the Division makes a final distribution of SSBG funds to agencies in the Department. This year, it allocated all unused SSBG funds to DCFS.

V. FY 2001 Budget Implications

The Division's plan for reducing projected deficits in its FY 2001 appropriated budget includes continuing the actions already taken to deal with the FY 2000 budget. In addition, DCFS plans to reduce its State Office administrative staff by 11 FTEs, from a current level of about 57 FTEs. It also intends to collapse the Salt Lake Tri-region area back into one functioning region. Four years ago the Salt Lake area was divided into three regions with the promise of no additional administrative staff or cost. This proved not to be the case. In September 1995, the DCFS Central Region had a total of 48 administrative personnel, including the Regional Director, two associate directors, 22 supervisors, and 23 other support staff. In April 2000, the Tri-region area had 127 administrative FTEs, including three regional directors, four associate directors, eleven community service managers (new positions), 63 human services supervisors and lead workers, and 46 other support staff. This is an increase of 165 percent in administrative staff, while the overall number of Tri-region employees increased by only 52 percent, from 280 to 426.

While preliminary numbers show that the Division will end FY 2000 in the black, it will probably request supplemental appropriations between \$3 million and \$4 million for FY 2001. Such requests would cover loss of federal funds, growth of children in custody, growth in adoptions and adoption subsidies.

VI. Long-Term Implications of Budgetary Actions

- **CASELOAD:** Caseloads in DCFS have been relatively low compared to other states. Recently, there has been a small increase in the "in-home services" caseload. It has gone from an average load of 14 cases in July 1999, to 15 cases in March 2000. Child Protective Services caseload has remained unchanged, with about 13 new cases assigned to each worker per month. Foster care caseload is also stable at 14 cases per worker. These are statewide averages, with some areas experiencing a higher caseload and some a lower caseload. National average caseloads are difficult to come by, as state and local agencies have different job descriptions for their caseworkers. However, the Child Welfare League of America (CWLA) has listed the following caseload "standards:"

Child Protective Service Investigators:	12 active cases per month
Ongoing In-home Protective Service Workers:	15-17 families
Foster Care Workers:	12-15 children

The American Federation of State, County and Municipal Employees (AFSCME) published a limited comparison of a selected group of child welfare agencies' caseloads in 1999. It indicated that less than half of the agencies surveyed met the CWLA guidelines for any types of cases. DCFS appears to be in line with the CWLA guidelines, or exceeding them, in all cases. These caseload averages are not expected to significantly change.

- **QUALITY OF CARE:** The Division will continue to monitor the quality of its services. It will continue to report compliance with requirements of the "Milestone Plan," use its Qualitative Case Review process and continue to report to the Legislature in its annual Outcomes Report. There are other processes in place, as well, to monitor Division programs.
- **IMPACT ON RECRUITING ADOPTIVE PARENTS:** There is some concern that adverse publicity, some of it misleading, could put a damper on the State's effort to recruit adoptive parents for children in custody. With some supplemental subsidies (for non-Medicaid services) being eliminated or reduced, with some restrictions on the source of treatment for adoptive children, some parents will perhaps be more reluctant to step forward.
- **FISCAL MANAGEMENT:** This budget crisis has served as a "wake-up call for DCFS." The fiscal awareness of staff, from front-line caseworkers to top management has, hopefully, been elevated. The fiscal management plans in the regions and the State Office have been significantly improved.